

Thrift Savings Plan (TSP) Overview

Both Civil Service Retirement System (CSRS) and Federal Employees' Retirement System (FERS) employees may contribute to TSP. TSP is particularly important to civilians employed under FERS. It represents the third tier of a three-tiered retirement plan and is meant as a supplement to social security and the regular FERS retirement. It is critical that FERS employees make use of TSP to ensure a financially sound retirement comparable to CSRS employees.

Elections to make or change the amount of contributions to the TSP are made during open season periods. Elections are made by using the Interactive Voice Response System (IVRS) or the Employee Benefits Information System (EBIS) at any time during the open season. Two open seasons are held each year--one beginning November 15 and ending January 31 of the following year and another beginning May 15 and ending July 31. If the last day of an open season falls on a Saturday, Sunday, or legal holiday, the open season is extended through the next business day. The last calendar month of an open season is the earliest period an election made during the open season can become effective. This period is referred to as the election period.

New and rehired employees will be eligible to enroll in TSP within 60 days of being hired via the automated system. If an employee fails to make an election within the qualified period, he/she must wait until the next TSP open season to make an election. FERS employees are not eligible to receive the 1% agency contribution or matching contributions until the second open season following their appointment. For most employees, this will be a 6 - 12 month waiting period. [Title 5 of the CFR, Part 1605](#), contains correction procedures to be used when an employee fails to participate or is delayed in participating due to reasons beyond his/her control or for reasons attributable to his/her agency.

CSRS employees may contribute up to 6 percent of their basic salary to the TSP. No matching funds are provided for CSRS contributions.

FERS employees may contribute up to 11 percent of their basic salary, with the agency contributing an additional 5 percent. For each eligible employee the agency will:

- Place an amount equal to 1 percent of the basic salary automatically in the TSP (regardless of whether the employee elects to make contributions to the TSP).
- Match each dollar put into the TSP up to 3 percent of the basic salary.
- Add 50 percent of the next 2 percent contributed to TSP.

A FERS employee taking full advantage of this program will be able to contribute 11 percent of his basic salary to TSP each year, with the government providing an additional 5 percent for a total of 16 percent.

An employee may terminate contributions to the TSP at any time. If the termination is made during an open season, the employee may elect to resume contributions during the next open season. If the termination is not made during an open season, the employee may not elect to resume contributions until the second open season.

Although elections for the distribution of new contributions can only be made during open seasons, an employee may move some or all money in his/her existing account balances from one fund to another by requesting an inter-fund transfer. A participant can make unlimited interfund transfers during a calendar year. These requests may be made by submitting TSP-50, Investment Allocation, to the TSP recordkeeper by using the TSP web site or by calling the Thriftline. Transfer requests received by the recordkeeper on or before the 15th of a month will be effective as of the end of the month. Requests received after the 15th will be effective the

end of the month following the month during which the transfer request was received. FERS employees may transfer funds even though only the required agency contribution is present.

Vesting means those amounts in an individual account which are non-forfeitable upon the employee's separation from government service.

- All amounts in a CSRS employee's individual account are immediately vested.
- All amounts in a FERS employee's individual account are immediately vested except for the automatic 1 percent agency contributions. The automatic contribution is vested after 3 years of service or after 2 years for non-career SES, political appointees, members of Congress and their staff.